

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:2829
ANSWERED ON:13.03.2000
DEREGULATION OF PETROLEUM SECTOR
ANNA SAHEB M.K. PATIL;SHIVAJI MANE

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the Government has prepared the time schedule for the complete deregulation of the petroleum sector by 2001-2002;
- (b) if so, whether all the formalities in this regard have been completed;
- (c) if not, the reasons therefor;
- (d) whether the Government proposes to set up Hydrocarbon regulatory Authority; and
- (e) if so, the details in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS

(SHRI SANTOSH KUMAR GANGWAR)

(a) Yes, Sir.

(b) and (c) In November, 1997, Government decided the detailed phased programme of dismantling of Administered Pricing Mechanism vide Government Resolution No.224 dated 21st November, 1997. The phased programme of reforms has been initiated with effect from April, 1998. The major actions taken in this direction, interalia, include the following:-

- (i) The system of retention pricing for all the refineries has been abolished. Refinery gate prices of controlled products are being fixed on principles on import parity.
 - (ii) Consumer prices of only MS, HSD, SKO(PDS), ATF and LPG (Domestic) are being administered by the Government. Prices of other products have been decontrolled.
 - (iii) Private & Joint Sector refineries have been permitted to import crude oil freely without import license for actual use in their own refineries.
 - (iv) Customs duty on crude oil and petroleum products have been reduced through annual budgets.
 - (v) 33% of subsidy on LPG (Domestic) has been withdrawn w.e.f. 1.2.1999.
 - (vi) Freight under recoveries on HSD to the extent of 20% has been passed on in the selling prices effective January 9, 1999.
 - (vii) Cost plus formula for shipping of crude oil has been withdrawn.
 - (viii) The payment to crude oil producers is now at pre-determined percentage of weighted average FOB price of actual import with a minimum floor price of Rs.1991/MT.
- (d) &(e): The resolution issued by the Government in November, 1997 has indicated establishment of a regulatory framework to oversee the functioning of and enforcing a competitive framework in the hydrocarbon sector.